

AMENDED IN ASSEMBLY APRIL 4, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1228**

**Introduced by Assembly Member Leslie**

February 23, 2001

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An act to amend ~~Section~~ *Sections 100, 100.1, 755, and 756* of the Revenue and Taxation, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1228, as amended, Leslie. Property taxation: regulated railway companies.

The California Constitution requires the State Board of Equalization to assess the property, other than franchises, of a regulated railway company. Existing property tax law provides for the allocation of the assessed value of the unitary property of a regulated railway company that is assessed by the State Board of Equalization among several tax rate areas within a county. Existing property tax law also provides for an annual adjustment of the allocation of this assessed value among tax rate areas for changes in track mileage, and defines track mileage as the number of miles of track, adjusted to reflect the relative importance of mainline, branch, and other track.

*This bill would provide, for purposes of allocating the assessed value of the property of a regulated railway company that is assessed by the State Board of Equalization, for the creation of a single countywide tax rate area within each county in which assessed value will be allocated. This also would make technical and conforming changes to these provisions.*

This bill *also* would change the definition of track mileage, for purposes of the annual adjustment of the allocation of assessed value allocated among tax rate areas, to instead mean the total miles of track in each county without regard to the relative importance of the track mileage. By imposing new duties upon local tax officials in the fiscal year in which it takes effect, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. *Section 100 of the Revenue and Taxation Code*
- 2 *is amended to read:*
- 3 100. Notwithstanding any other provision of law,
- 4 commencing with the 1988–89 fiscal year, property tax assessed
- 5 value attributable to unitary and operating nonunitary property, as
- 6 defined in Sections 723 and 723.1, that is assessed by the State
- 7 Board of Equalization shall be allocated by county as provided in
- 8 Section 756, and the assessed value and revenues attributable to
- 9 that allocation shall be allocated within each county as follows:
- 10 (a) Each county shall establish one countywide tax rate area.
- 11 The assessed value of all unitary and operating nonunitary
- 12 property shall be assigned to this tax rate area. No other property
- 13 shall be assigned to this tax rate area.
- 14 (b) Property assigned to the tax rate area created by subdivision
- 15 (a) shall be taxed at a rate equal to the sum of the following two
- 16 rates:



(1) A rate determined by dividing the county's total ad valorem tax levies for the secured roll, including levies made pursuant to Section 96.8, for the prior year, exclusive of levies for debt service, by the county's total ad valorem secured roll assessed value for the prior year.

(2) A rate determined as follows:

(A) By dividing the county's total ad valorem tax levies for unitary and operating nonunitary property for the prior year debt service only by the county's total unitary and operating nonunitary assessed value for the prior year.

(B) Beginning with the 1989–90 fiscal year, adjusting the rate determined pursuant to subparagraph (A) by the percentage change between the two preceding fiscal years in the county's ad valorem debt service levy for the secured roll, not including unitary and operating nonunitary debt service.

(c) The property tax revenue derived from the assessed value assigned to the countywide tax rate area pursuant to subdivision (a) *or subdivision (a) of Section 100.1* by the use of the tax rate determined in paragraph (1) of subdivision (b) shall be allocated as follows:

(1) For the 1988–89 fiscal year and each fiscal year thereafter, each taxing jurisdiction shall be allocated an amount of property tax revenue equal to 102 percent of the amount of the aggregate property tax revenue it received from all unitary and operating nonunitary property in the prior fiscal year, exclusive of revenue attributable to levies for debt service.

(2) If the amount of property tax revenue available for allocation in the current fiscal year is insufficient to make the allocations required by paragraph (1), the amount of revenue to be allocated to each taxing jurisdiction shall be prorated based on a factor determined by dividing the total amount of property tax revenue available to all taxing jurisdictions from unitary and operating nonunitary property in the current year, exclusive of revenue attributable to levies for debt service, by the total amount of property tax revenue received by all taxing jurisdictions from unitary and operating nonunitary property in the prior fiscal year, exclusive of revenue attributable to levies for debt service.

(3) If the amount of property tax revenue available for allocation to all taxing jurisdictions in the current fiscal year from unitary and operating nonunitary property, exclusive of revenue

1 attributable to levies for debt service, exceeds 102 percent of the  
2 property tax revenue received by all taxing jurisdictions from all  
3 unitary and operating nonunitary property in the prior fiscal year,  
4 exclusive of revenue attributable to levies for debt service, the  
5 amount of revenue in excess of 102 percent shall be allocated to  
6 all taxing jurisdictions in the county by a ratio determined by  
7 dividing each taxing jurisdiction's share of the county's total ad  
8 valorem tax levies for the secured roll for the prior year, exclusive  
9 of levies for debt service, by the county's total ad valorem tax  
10 levies for the secured roll for the prior year, exclusive of levies for  
11 debt service.

12 (d) The property tax revenue derived from the assessed value  
13 assigned to the countywide tax rate area pursuant to subdivision (a)  
14 *or subdivision (a) of Section 100.1* by the use of the tax rate  
15 determined in paragraph (2) of subdivision (b) shall be allocated  
16 as follows:

17 (1) An amount shall be computed for each taxing jurisdiction  
18 and shall be determined by multiplying the amounts required in the  
19 current year pursuant to subdivisions (a) and (c) of Section 93 by  
20 that percentage that shall be determined by dividing the amount of  
21 property tax revenue the jurisdiction received in the prior year  
22 from unitary property and operating nonunitary property by the  
23 total amount of property tax revenue the jurisdiction received in  
24 the prior year from all property.

25 (2) The amount of property tax revenue available for allocation  
26 pursuant to this subdivision shall be allocated among taxing  
27 jurisdictions in the proportion that the amount computed for each  
28 taxing jurisdiction pursuant to paragraph (1) bears to the total  
29 amount computed pursuant to paragraph (1) for all taxing  
30 jurisdictions.

31 (3) If a taxing jurisdiction is levying a tax rate for debt service  
32 for the first time in the current fiscal year, for purposes of  
33 determining the percentage specified in paragraph (1), that  
34 percentage shall be the percentage determined by dividing the  
35 amount of property tax revenue received by that taxing jurisdiction  
36 in the prior year pursuant to subdivision (c) from unitary and  
37 operating nonunitary property by the total amount of property tax  
38 revenue received by that taxing jurisdiction in the prior year from  
39 all property within the taxing jurisdiction.

40 (e) For purposes of this section:

(1) “The county’s total ad valorem tax levies for the secured roll” means all ad valorem tax levies for the county’s secured roll, including the general tax levy, levies for debt service (including land only and land and improvement rates), and levies for redevelopment agencies.

(2) “The county’s total ad valorem secured roll” means the county’s local roll, after all exemptions except the homeowner’s exemption, and the county’s utility roll.

(3) “Taxing jurisdiction” includes a redevelopment agency.

(4) In a county of the second class, for the 1992–93 fiscal year and each fiscal year thereafter, “taxing jurisdiction” includes that fund that has been designated by the auditor as the “Unallocated Residual Public Utility Tax Fund.” All revenues allocated to that fund pursuant to this section shall be deposited in that fund and shall be distributed as follows:

(A) For the 1992–93 fiscal year to the 1996–97 fiscal year, inclusive, at the discretion of the county board of supervisors.

(B) For the 1997–98 fiscal year, 100 percent to the Orange County Fire Authority.

(C) For the 1998–99 fiscal year and each fiscal year thereafter, in accordance with the following schedule:

(i) Fifty-seven and forty-seven hundredths percent to the Orange County Fire Authority.

(ii) Forty-one and forty-seven hundredths percent to the Orange County Library District.

(iii) Forty-eight hundredths percent to the Buena Park Library District.

(iv) Fifty-eight hundredths percent to the Placentia Library District.

(f) The assessed value of the unitary and operating nonunitary property shall be kept separate for each state assessee throughout the allocation process.

(g) Each state assessee shall be issued only one tax bill for all unitary and operating nonunitary property within the county.

(h) ~~This section does not apply to unitary property of regulated railway companies.~~ *Notwithstanding Section 33670 of the Health and Safety Code, for the 2002–03 fiscal year, the county auditor shall make any necessary adjustments to incorporate property tax assessed value attribute to unitary property of regulated railway companies to those jurisdictions that previously received an*

1 *allocation from this property in the 2001–02 fiscal year as a*  
2 *permanent one-time adjustment. For the 2002–03 fiscal year and*  
3 *each fiscal year thereafter, the assessed value and revenues*  
4 *attributable to unitary property of regulated railway companies*  
5 *shall be allocated as provided in Section 100.1.*

6 (i) This section does not apply to property that on July 1, 1987,  
7 was undeveloped and owned by a utility and located within a city,  
8 county, or city and county that adopts a resolution stating that the  
9 property is subject to a development plan or agreement and that  
10 this section shall not apply to that property, and the city, county,  
11 or city and county transmits a copy of that resolution, including a  
12 legal description of the property, to the State Board of Equalization  
13 and the county's auditor-controller prior to January 1, 1988.

14 (j) (1) For property that on July 1, 1990, was undeveloped and  
15 owned by a utility and that is located within a city, county, or city  
16 and county that adopts a resolution stating that the property is  
17 subject to a development plan or agreement and that this  
18 subdivision applies to that property, and the city, county, or city  
19 and county transmits a copy of that resolution, including a legal  
20 description of the property, to the county auditor prior to August  
21 1, 1991, the allocation of property tax revenues derived with  
22 respect to that property pursuant to Sections 96.1, 96.2, 97.31, 98,  
23 98.01, and 98.04, shall be subject to the allocation required by  
24 paragraph (2).

25 (2) The county auditor shall annually allocate to a city, county,  
26 or city and county, that has adopted and transmitted a resolution  
27 pursuant to paragraph (1), the amount of property tax revenues  
28 derived with respect to the property described in paragraph (1) that  
29 would be allocated to that city, county, or city and county if that  
30 property were subject to assessment by the county assessor. In  
31 order to provide the allocations required by this paragraph, the  
32 county auditor shall make any necessary pro rata reductions in  
33 allocations to local agencies other than that city, county, or city and  
34 county adopting and transmitting a resolution pursuant to  
35 paragraph (1), of property tax revenues derived with respect to the  
36 property described in paragraph (1).

37 (k) (1) For property subject to this section that is owned by a  
38 utility that serves no more than two counties and is located within  
39 a city, county, or city and county that adopts a resolution stating  
40 that the property is subject to a development plan or agreement for

1 new construction and the city, county, or city and county transmits  
2 a copy of that resolution, including a legal description of the  
3 property, to the State Board of Equalization and the county auditor  
4 prior to January 1, 1995, the allocation of property tax revenues  
5 derived with respect to that property pursuant to Sections 96.1,  
6 97.31, 98, 98.01, and 98.04, shall be subject to the requirements  
7 of paragraph (2) until December 31, 2004.

8 (2) If the city, county, or city and county has adopted and  
9 transmitted a resolution pursuant to paragraph (1), the county  
10 auditor shall annually allocate the property tax revenue  
11 attributable to the new construction described in the development  
12 plan or agreement, as if that new construction were subject to  
13 assessment by the county assessor, according to the following  
14 formula:

15 (A) An amount of property tax revenue to school entities, as  
16 defined in subdivision (f) of Section 95, equivalent to the same  
17 percentage the school entities received in the prior fiscal year of  
18 the property tax revenues paid by the utility in the county in which  
19 the property described in paragraph (1) is located.

20 (B) An amount of property tax revenue to the county in which  
21 the property is located equivalent to the same percentage the  
22 county received in the prior fiscal year of the property tax revenues  
23 paid by the utility in the county in which the property described in  
24 paragraph (1) is located. The county shall distribute those property  
25 tax revenues to the county general fund, the county library district,  
26 the county flood control district, the county sanitation districts,  
27 and the county service areas.

28 (C) The property tax revenue remaining after the allocations  
29 described in subparagraphs (A) and (B) are made shall be  
30 distributed to the city in which the property described in paragraph  
31 (1) is located.

32 (3) In order to provide the allocations required by paragraph  
33 (2), the county auditor shall make any necessary pro rata  
34 reductions in allocations of property taxes attributable to the  
35 property specified in paragraph (1) to jurisdictions other than those  
36 receiving an allocation under paragraph (2).

37 (4) The allocation required by this subdivision shall not apply  
38 to property tax revenues allocated on or after December 31, 2004.

39 *SEC. 2.* Section 100.1 of the Revenue and Taxation Code is  
40 amended to read:



1 100.1. ~~Notwithstanding~~—(a) *Notwithstanding* any other  
2 provision of law, commencing with the ~~1988–89~~ 2002–03 fiscal  
3 year, property tax assessed value attributable to unitary property,  
4 as defined in Section 723, of a regulated railway company that is  
5 assessed by the State Board of ~~Equalization~~, shall be allocated to  
6 ~~tax rate areas as follows:~~

7 ~~(a) Each tax rate area shall receive an amount of assessed value~~  
8 *Equalization shall be assigned to a separate countywide tax rate*  
9 *area. The tax rate applicable to this assessed value is the sum of*  
10 *the two rates determined pursuant to subdivision (b) of Section*  
11 *100, and the property tax revenues derived therefrom shall be*  
12 *allocated in accordance with the allocation procedures set forth in*  
13 *subdivisions (c) and (d) of Section 100.*

14 (b) *The State Board of Equalization shall allocate to each*  
15 *countywide tax rate area an amount of assessed value equal to the*  
16 *amount of assessed value received in the prior fiscal year adjusted*  
17 *for changes in track mileage unless the total amount of assessed*  
18 *value to be allocated is insufficient, in which case, each*  
19 *countywide tax rate area shall receive a pro rata share of the amount*  
20 *it received in the prior fiscal year adjusted for changes in track*  
21 *mileage.*

22 ~~(b)~~  
23 (c) *If the total amount of assessed value to be allocated is*  
24 *greater than the amount of assessed value allocated in the prior*  
25 *fiscal year adjusted for changes in track mileage, each countywide*  
26 *tax rate area shall receive a pro rata share of the amount in excess*  
27 *of the prior year's assessed value of the regulated railway company*  
28 *adjusted for track mileage.*

29 ~~(e) If a tax rate area is divided, the prior fiscal year amount of~~  
30 ~~assessed value of the unitary property of the regulated railway~~  
31 ~~company shall be divided among the resulting tax rate areas in the~~  
32 ~~same proportion that the track mileage on unitary property is~~  
33 ~~divided among the resulting tax rate areas.~~

34 (d) *The assessed value allocated to each countywide tax rate*  
35 *area under subdivision (a), ~~(b)~~, (b) or (c) shall be further allocated*  
36 *between land, improvements, and personal property in the same*  
37 *proportion that existed for each regulated railway company*  
38 *statewide in the 1987–88 assessment year.*

39 (e) *For purposes of this section:*



(1) “The amount of assessed value received in the prior fiscal year adjusted for changes in track mileage” means the prior year’s amount of assessed value in each *countywide* tax rate area after it has been adjusted upward or downward in direct proportion to the change in the amount of track mileage on unitary property in the current year over the prior year.

(2) “Track mileage” means the number of total miles of track in each county.

*SEC. 3. Section 755 of the Revenue and Taxation Code is amended to read:*

755. (a) On or before July 15, the board shall transmit to each county auditor an estimate of the total unitary value and operating nonunitary value of state-assessed property in the county and of nonunitary state-assessed property in each revenue district in the county. An estimate need not be made for a revenue district that did not levy a tax or assessment during the preceding year unless the board receives on or before January 1 preceding the fiscal year for which the levy is to be made a notice in writing of the proposed levy. The estimate shall be regarded as establishing the total assessed value of state-assessed property in the county and each revenue district in the county for the purpose of determining tax rates, subject only to such changes as may be transmitted on or prior to July 31. All information furnished pursuant to this section is at all times during office hours open to inspection of any interested person or entity.

(b) Notwithstanding subdivision (a), in making the estimate referred to in subdivision (a), the ~~unitary value and~~ nonunitary value of the property of regulated railway companies and property subject to ~~subdivision (i)~~ subdivision (i), (j), or (k) of Section 98.9 100 shall be allocated by revenue district.

*SEC. 4. Section 756 of the Revenue and Taxation Code is amended to read:*

756. (a) On or before July 31, the board shall transmit to each county auditor a roll showing the unitary and operating nonunitary assessments made by the board in the county and the nonoperating nonunitary assessments made by the board in each city and revenue district in the county; provided, however, that the roll need not show the assessments made by the board in a revenue district which did not levy a tax or assessment during the preceding year. Such roll is at all times, during office hours, open to the inspection

1 of any person representing any taxing agency or revenue district,  
2 or any district described in Section 2131. If the roll does not show  
3 the assessments in a revenue district as herein provided and a  
4 notice of a proposed levy is furnished the board in writing, on or  
5 before January 1 preceding the fiscal year for which the levy is to  
6 be made, the board shall furnish an estimate of the total assessed  
7 value of nonoperating nonunitary state-assessed property in the  
8 district and shall transmit thereafter to the county auditor a  
9 statement of roll change showing the nonoperating nonunitary  
10 assessments made by the board in the district.

11 (b) Notwithstanding subdivision (a), in making the roll  
12 referred to in subdivision (a), the ~~unitary value and~~ nonunitary  
13 value of the property of regulated railway companies and property  
14 subject to ~~subdivision (i)~~ subdivision (i), (j), or (k) of Section 98.9  
15 100 shall be enrolled by revenue district.

16 ~~SEC. 2.—~~

17 SEC. 5. Notwithstanding Section 17610 of the Government  
18 Code, if the Commission on State Mandates determines that this  
19 act contains costs mandated by the state, reimbursement to local  
20 agencies and school districts for those costs shall be made pursuant  
21 to Part 7 (commencing with Section 17500) of Division 4 of Title  
22 2 of the Government Code. If the statewide cost of the claim for  
23 reimbursement does not exceed one million dollars (\$1,000,000),  
24 reimbursement shall be made from the State Mandates Claims  
25 Fund.

